FILED
NOV 24 1950
CHARLES ELMORE CROPLEY
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, A. D. 1950.

No. 380

M. H. JACOBS CO., INC., M. H. JACOBS, SIDNEY A. TARRSON, B. B. PEN CO., INC., ALBERT J. TARRSON and THE TARRSON COMPANY,
Petitioners,

vs.

STAHLY, INC.,
Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

JULES L. BRADY,
JOHN REX ALLEN,
Counsel for Respondent.

SCHROEDER, MERRIAM, HOFGREN & BRADY,
2200 Opera Building,
Chicago 6, Illinois,
Attorneys for Respondent.

The Scheffer Press, Inc.—ANdover 3-6850

IN THE

Supreme Court of the United States

OCTOBER TERM, A. D. 1950.

No. 380

M. H. JACOBS CO., INC., M. H. JACOBS, SIDNEY A. TARRSON, B. B. PEN CO., INC., ALBERT J. TARRSON and THE TARRSON COMPANY,

Petitioners,

vs.

STAHLY, INC.,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

Defendants' petition for writ of certiorari seeks a review of decisions of the Court of Appeals for the Seventh Circuit affirming, but modifying, the decision of the District Court dismissing a complaint on a motion for summary judgment. The defendants originally made a motion to dismiss (R. 11) which they later converted to a motion for summary judgment (R. 51). (The motion is sometimes erroneously referred to in the record as a motion to dismiss but that it was a motion for summary judgment is admitted by petitioners here. (Petition, page 3).)

The District Court held that plaintiff had no rights with respect to the subject matter of the suit and dismissed the

case completely. The Court of Appeals held that plaintiff had waived its trade-mark and fair trade rights with respect to the subject matter of the controversy but held (R. 102) that the District Court should enjoin the defendants from offering "admittedly defective razors" to the public without notice that they were defective and were not guaranteed by plaintiff which had spent $300,000.00 advertising its razors and stressing its guarantee. (R. 54).

Although it is undisputed that the razors were not guaranteed by plaintiff, petitioners challenge the right of the Court of Appeals to modify the District Court's judgment because of what they term a qualified admission as to the defective condition of the razors "made by petitioners for the limited purpose of their motion to dismiss" (Petition, page 9).

We submit that petitioners completely overlook the fact that the motion to dismiss was converted to a motion for summary judgment and that such a motion is not in the nature of a demurrer. On the contrary it is a substitute for a trial of the case on the merits with respect to the uncontested fact issues raised by the complaint and other pleadings plus supporting material, as the petitioners' affidavits introduced here. If any facts material to the motion are in dispute, the motion may not be granted. In arguing their motion for summary judgment and the appeal therefrom, petitioners admitted that the razors were defective. They are bound by this admission. Whether or not they qualified the admission is immaterial so long as their motion for summary judgment was granted. It was.

Petitioners' motion could be considered in the nature of a demurrer only if it remained under Section 12 F.R.C.P., in which case the admission might have had the limited effect claimed for it. *Wyman* v. *Wyman* (CCA 9) 109 F2d. 473, *U. S.* v. *Hole*, 38 F. Supp. 600 (D.C. Mont.). (The

record (R. 51) shows the conversion of the motion from Section 12 to Section 56 F.R.C.P. and furthermore includes voluminous affidavits filed in support of the motion by petitioners. Such supporting material is proper only on a motion for summary judgment. It is improper on a motion to dismiss. *Thermo-Plastics Corp.* v. *International P. Corp.*, 42 F. Supp. 408 (D.C. N.J.).) Having elected to go under the summary judgment section F.R.C.P. 56, the admission is binding upon petitioners at least as long as the order on the motion is not reversed. It has not been reversed.

In *Fountain* v. *Filson*, 336 U. S. 681, the case relied upon by petitioners, this Court reversed a decision of the Court of Appeals for the District of Columbia which in turn reversed a judgment of the District Court of the District of Columbia on a motion for summary judgment. The Court of Appeals in that case, however, did not affirm or modify the District Court's order but reversed an order in favor of one party and substituted for it another order which (336 U. S. 683)

> "was made on appeal on a *new issue* as to which the opposite party had no opportunity to present a defense before the trial court." (Italics ours.)

In the present case plaintiff has consistently maintained that it is unlawful for defendants to sell its razors without notice as to the lack of guarantee by plaintiff and without notice as to the defective condition of the razors. (R. 85 and 132) Thus there was no new issue upon which the opinion of the Court of Appeals was predicated.

Moreover, defendants' motion for summary judgment was not for partial relief under Section 56(d). Such a motion is not appealable. *Leonard* v. *Socony Vacuum Oil Co.*, (CCA7) 130 F. 2d 535. Defendants' motion was directed to the entire complaint as is shown by the fact that

the order thereon dismissed the complaint and was appealed; no objection was raised by the defendants to the appeal. In such cases it is clear that, in the absence of new issues, the Court has the authority to grant whatever relief is warranted under the circumstances. See *Hooker* v. *New York Life Insurance Co.*, 66 F. Supp. 313 where the District Court for the Northern District of Illinois, Eastern Division, said, page 318:

> "There remains the question of the proper disposition of the case, since the plaintiff has not made a cross-motion for summary judgment. If the plaintiff had made such a motion, and if the defendant had admitted the facts which it so strongly urges, by way of affidavits, in favor of its motion, it would be clear that the plaintiff would be entitled to summary judgment. Since the purpose of the summary judgment procedure under Rule 56 is to expedite the disposition of actions in which there is no genuine issue of fact requiring trial, it would seem that the court can properly enter a summary judgment in favor of the party entitled to it. 3 Moore, Federal Practice, Section 56.02.
>
> 'Rule 54(c) gives the court the power to enter the final judgment to which the prevailing party is entitled, even if the party has not demanded such relief in his pleadings, except in default judgment cases. The theory is that the form of the pleadings should not place a limitation upon the power of the court to do justice. So where one party has invoked the power of the court to render a summary judgment against his adversary, it is reasonable that this invocation gives the court power to render a summary judgment for his adversary if it is clear that the case warrants that result.' "

Furthermore, an order on *demurrer* is normally not final as to the subject matter of the controversy. It merely is a holding that, *as pleaded,* the plaintiff has no cause of

action. The pleadings may usually be amended to state a cause of action in another form. Judgment on a motion for summary judgment, as here, is final and *res judicata* as to the subject matter of the controversy.

Petitioners next complain that the decision appealed from is in conflict with the decision of this Court in *Mosler Safe Co.* v. *Ely-Norris Safe Co.*, 273 U. S. 132, that of the Sixth Circuit Court of Appeals in *American Washboard Co.* v. *Saginaw Mfg. Co.*, 103 Fed. 281 and that of the Second Circuit Court of Appeals in *California Apparel Creators, et al.* v. *Wieder of California, Inc., et al.*, 162 F. 2d 893. In the cited cases it was held that, because the respective plaintiffs had *never* had a cause of action against the defendants, the Courts had no jurisdiction over the subject matter of the complaints, *i. e.*, there were no adverse parties with adverse interests.

In the present case all that the Court held was that the plaintiff had waived its remedy for violation of its clearly adverse rights by a letter of consent. (R. 101) Once having had jurisdiction, however, the Court had the right to provide for whatever order was necessary under the circumstances to protect the public from fraud and deception. It is clear that one of the duties of the Courts in trade-mark infringement and unfair competition cases is for such protection of the public.

Rosenburg Bros. & Co. v. *Elliott*, (CCA 3) 7 F.2d 962.

Goldwyn Pictures Corp. v. *Goldwyn*, (CCA 2) 296 Fed. 391, 401.

General Baking Co. v. *Gorman*, (CCA 1), 3 F.2d 891, 893.

Metropolitan Opera Association v. *Metropolitan Opera Association of Chicago*, D. C. Illinois, 81 F. Supp. 127, 132.

The situation is somewhat analogous to a suit in a Federal Court between citizens of the same state wherein the plaintiff relies on a Federal statutory remedy and a common law remedy resulting from the same transaction. In such suits, the Court having jurisdiction because of the Federal statute will retain jurisdiction over the cause of action even where the Federal cause of action fails. *Hurn* v. *Oursler,* 289 U. S. 238.

Furthermore the Federal Courts have uniformly issued orders protecting the public from the likelihood of deception in cases for trade-mark infringement and unfair competition even where the defendants were not guilty of either. The case of *Horlick's Malted Milk Corp.* v. *Horlick,* 143 F.2d 32 is directly in point. In that case the Court held that there was no unfair competition and no trade-mark infringement, but nevertheless provided for an injunction requiring the defendant to label his goods in a certain manner.

In *Anheuser-Busch* v. *Du Bois Brewing Co.,* 175 F. 2d 370 (CCA 3) the Court held the plaintiff's laches and acquiescence were so gross as to cause forfeiture of all rights under the trademark in suit. However, because the defendant's past use of the trade-mark had been confined to a certain limited territory, the Court in its opinion stated that the defendant (page 377)

> "should not expect to extend its use of that name to other areas with legal impunity."

Finally the petitioners allege that in view of the Court of Appeals holding that the plaintiff had waived its rights or remedies, there was no party adverse to the defendants in the case and therefore the injunction could not issue. If this were correct defendants would have no right to petition for certiorari; the cases cited by petitioners on page

20 of their brief hold that such a petition is not proper in the absence of adverse parties with adverse claims.

The petition for writ of certiorari should be denied.

Respectfully submitted,

JULES L. BRADY,
JOHN REX ALLEN,
Counsel for Respondent.

Chicago, Illinois,
November 20, 1950.